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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/891,978	06/26/2001	Michael Roscoe	Hartford-4	1047

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Arthur L. Plevy, Esq.
Duane, Morris & Heckscher LLP
Suite 100
100 College Road West
Princeton, NJ 08540

EXAMINER

CHENCINSKI, SIEGFRIED E

ART UNIT PAPER NUMBER

3628

DATE MAILED: 03/23/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

09/891,978

Applicant(s)

ROSCOE ET AL.

Examiner

Siegfried E. Chencinski

Art Unit

3628

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 26 June 2001.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-33 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-33 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date <u>6/26/2001</u> . | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Claim Objections

1. **Claims 1, 9, 14, 24, 29 and 30** are objected to because of the following informalities: All of these claims contain typographical errors.

Claim 1 contains the word "deducing" in claim limitation (e), 'determining said first asset value at said second known period for each of said units by "deducing" ...".when the context suggests that the word should be "deducting".

Claims , 9, 14, 24 and 29 contain the expression "first first". A search of the specification reveals no such expression, so the examiner has concluded that this is merely an unintentional repetition of the word "first".

Claim 30 has the parent claim number mistyped. The reference is to claim 15 when it should be to claim 25.

Prosecution of the claims is conducted on the assumption that Applicant agrees with the corrections.

Appropriate correction is required.

Disclosure Objections

2. The disclosure is objected to because of the following informalities:

(a) **The Abstract** contains two typographical errors.

- **On line 3** the word "normalize" should be "normalized" as part of the phrase "a normalize unit value".
- **On lines 10-11**, the phrase "the policy value is reconciled by deducting the accumulated percentage of the positive return is represented in units" is grammatically incorrect. The phrase should either delete the word "is" after the word "return" or replace the same word "is" with the word "as".

(b) **The specification** contains typographical errs as follows:

- **Page 4, section [0010], line 2:** “must be substantial same”. The word “substantial” should be replaced by the word “substantially”.
- **Page 5, lines 1-2, end of sentence:** “policy holder is the same manner”. The word “is” should be replaced by the word “in”.
- **Page 5, [0012],**
 - **In line 3,** “storing investment data on each of at least one investment instrument”. The word “on” would seem to need replacing with the word “in”.
 - **In lines 11-12,** “instrument when the a corresponding investment return”. The word “a” would seem to need removal.
 - **In line 14,** the phrase “said investment instrument value reduced by” seems to need the word “value” to be made plural to “values” since the context of the entire longer phrase involves a plurality of investment instruments..

Appropriate correction is required.

(c) Applicant is advised that Applicant’s invention as described in the specification and as claimed contains a flaw relating to the method and system steps for determining asset values. Since it is well known in the art how to perform asset valuations there is no statutory bar to Applicant’s error. Applicant’s error appears to rest in stating that that “The investment generally is performed at known periods of time, e.g., daily, monthly, quarterly, yearly, etc.

The determination of asset values must be determined from a single value at a moment in time, or from a calculation based on a formula using a plurality of time points, such as some kind of average for that period of time. The predominant practice in the financial arts is to determine investment asset values based on a value at a specific point in time, such as the price at the end of a trading day based on the last trade. Assets not traded in open markets will normally be valued at the end of a month, quarter or year, such as December 31st, based on the financial statement of the asset’s owner

or the financial statement of the business enterprise as a whole, whether that be a real estate or a manufacturing or services company.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

2. Claims 1, 16 and 31 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Applicant's specification described in the Detailed Description of the Invention section that assets are valued as of the value at the end of a day, which is a standard practice in the financial arts. The specification in the Summary of Invention section describes asset valuations for a known period, such as a day, week, month, quarter, year, etc. Claims 1, 16 and 31 only claim to value assets for a known period (e.g. a "first known period" a "second known period", a "third known period"). Known periods are indefinite in the art or the purposes of financial asset valuation, and are not supported by the specification due to the clarification in the Detailed Description section of the specification. Further, the specification does not support creation of an average measure of an asset's value over a period of time even if Applicant had claimed the calculation of a value for a known period of time as a limitation.

Finally, several limitations in claims 1 and 16 claim to produce values at a known period, such as a "second period" or "third period". This is itself vague and indefinite in the financial arts since a period is an ambiguous concept in the context of financial valuation. Returns are stated over finite periods of time by taking the difference between the beginning value of an asset and the ending value of the asset, and then stating the return according to one of several conventions for a return, such as a simple return in dollar terms, or a simple percentage return, or a return based on a stated time period measure, such as the annual rate of return.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 1-33 are rejected under 35 U.S.C. 103(a) as being unpatentable over Koppes et al. (US Patent 5926792, hereafter Koppes) in view of Schirripa (US Patent 6,275,807 B1).

Re. claims 1, 10, 16 & 25, Koppes discloses a method and system for administering life insurance policy value expressed in a plurality of units and for tracking and reconciling a life insurance policy value, said method comprising the steps of:

- storing investment data on each of at least one investment instrument for which a life insurance premium is invested (Col. 6, ll. 47-57);
- determining returns for invested assets for various periods of time (Abstract);
- calculating the costs of administering insurance policies and related investments (Abstract); and
- reflecting on a pro rata basis the administrative costs and contracted fees for each for each contracted policy for appropriate periods of time from a daily basis on up (Abstract).

Koppes does not explicitly disclose:

- determining a first net asset value of each of said units at a first known period;
- determining a performance return of each of said at least one investment instruments at a second known period;
- determining a second net asset value at said second known period in relation to said first known period net asset value corresponding to said investment instrument and said investment instrument performance return;
- determining said first net asset value at said second known period for each of said units by deducting at least one expense from said second net asset value;

- determining a performance fee as a known percentage of a change in value of each of said investment instruments when said investment performance return is positive;
- carrying each of said determined performance fees forward; and
- adjusting said policy value by a number of units corresponding to a change in each of said investment instrument value reduced by said corresponding performance fee determined using said first net asset value at a third known period;
- generating a number of insurance units for a premium value based on a first net asset value;
- determining a performance return for each of at least one investment instruments for which said premium is invested;
- determining a gross net asset value as a function of a previous first net asset value and said performance return for each of said at least one investment instrument;
- determining a second net asset value by deducting at least one expense from said gross asset value;
- determining a performance fee for each of said investment instruments as a known percentage of a positive change in value of a corresponding investment instrument;
- determining a number of insurance units corresponding to said change in value of each of said investment instruments reduced by a corresponding performance fee using said second net asset value; and
- adjusting, at a selected date, said policy value by said determined number of units corresponding to said change in value of each of said investment instruments reduced by a corresponding performance fee.

However, computer automated methods and systems for administering the contracted policyholder affairs of life insurance and annuity products with all of their variations were well known in the insurance and financial services industries at the time of

Applicant's invention. For example, besides the disclosures of Koppes, Schirripa discloses a "Computer System and Methods For Management, And Control Of Annuities And Distribution Of Annuities And Distribution Of Annuity Payments (Title and Abstract). Other art affairs made of record and not relied upon illustrate the well known nature of insurance policy and related investment and contractual administration. Therefore, it would have been obvious to an ordinary practitioner at the time of Applicant's invention to have modified the disclosures of Koppes and Schirripa with the ordinary practitioner's personal knowledge and awareness of what was well known in the art in order to construct a method and system for administering life insurance policy value expressed in a plurality of units, motivated by a desire to provide methods and systems capable of tracking and reporting assets and liabilities on a near real-time basis, making administration simple, keeping costs low, and providing timely information to plan participants and sponsors (Koppes, Col. 4, ll. 18-24, 28-30 & 31-32).

Re. claims 2-9, 11-15, 17-24 and 26-30: Koppes and Schirripa disclose methods and systems for administering life insurance policy value expressed in a plurality of units. It would have been obvious to an ordinary practitioner at the time of Applicant's invention to have considered the following method and system elements:

Re. claims 2 & 17, a method wherein said premium value invested is reduced by deducting known obligations from said premium value.

Re. claims 3 & 18, a method further comprising the steps of: determining a cost of insurance at said second known; and reducing said policy value by a number of units corresponding to said cost of insurance using said first net asset value.

Re. claims 4 & 19, a method wherein said at least one expense is selected from the group comprising: administrative expenses, performance fee, management fee.

Re. claims 5 & 20, a method wherein said first known period is at the beginning of a period selected from the group comprising: daily, weekly, monthly, quarterly, yearly.

Re. claims 6 & 21, a method wherein said second known period is at the end of a period selected from the group comprising: daily, weekly, monthly, quarterly, yearly.

Re. claims 7 & 22, a method wherein said third known period is at the end of a period

selected from the group comprising: daily, weekly, monthly, quarterly, yearly.

Re. claims 8 & 23, a method wherein said third known period corresponds to an anniversary of said policy.

Re. claims 9 & 24, a method wherein said first net asset value is known.

Re. claims 11 & 26, a method further comprising the steps of:

determining a cost of insurance at said second known; and reducing said policy value by a number of units corresponding to said cost of insurance using said second net asset value.

Re. claims 12 & 27, a method said at least one expense is selected from the group comprising: administrative expenses, performance fee, management fee.

Re. claims 13 & 28, a method said selected date corresponds to an anniversary of said policy.

Re. claims 14 & 29, a method said first net asset value is known.

Re. claims 15 & 30, a method wherein said premium value invested is reduced by deducting known obligations from said premium value.

Therefore, it would have been obvious to an ordinary practitioner at the time of Applicant's invention to have modified the disclosures of Koppes and Schirripa with the ordinary practitioner's personal knowledge and awareness of what was well known in the art in order to construct a method and system for administering life insurance policy value expressed in a plurality of units, motivated by a desire to provide methods and systems capable of tracking and reporting assets and liabilities on a near real-time basis, making administration simple, keeping costs low, and providing timely information to plan participants and sponsors (Koppes, Col. 4, ll. 18-24, 28-30 & 31-32).

Re. claim 31, Koppes and Schirripa disclose a method for administering life insurance policy value expressed in a plurality of units and for tracking and reconciling a life insurance policy value (Titles and Abstracts). Koppes and Schirripa also disclose that taxes are a cost to policy holders of insurance and annuity product contracts (Koppes – Col. 3, ll. 6-7; Schirripa - Col. 3, l. 21).

Neither Koppes nor Schirripa explicitly disclose a method of determining life insurance

policy value

Re. Claim 31, represented as a plurality of current insurance units having a premium deducted by state and federal tax objections invested in at least one investment instrument, which is subjected to at least one investment instrument fee including a management fee, an expense fee, and an incentive fee, said improvement comprising: eliminating said investment instrument fee; determining a net asset at a known period based on a performance return of each of said investment instruments; and adjusting, at a selected date, said current number of said insurance units by a number of insurance units corresponding to a change in value of each of said investment instruments reduced by a corresponding performance fee, based on said net asset value, wherein said performance fee is a known percentage of said change in value of each of said investment instruments if said change in investment value is positive.

Re. claim 32, a method wherein said performance fee includes a fee for investment management and performance.

Re. claim 33, a method wherein said selected date corresponds to an anniversary of said policy.

However, it would have been obvious to an ordinary practitioner at the time of Applicant's invention to have considered these features as part of an improved method of determining life insurance policy value. Therefore, it would have been obvious to an ordinary practitioner at the time of Applicant's invention to have modified the disclosures of Koppes and Schirripa with the ordinary practitioner's personal knowledge and awareness of what was well known in the art in order to construct a method and system for administering life insurance policy value expressed in a plurality of units, motivated by a desire to provide methods and systems capable of tracking and reporting assets and liabilities on a near real-time basis, making administration simple, keeping costs low, and providing timely information to plan participants and sponsors (Koppes, Col. 4, ll. 18-24, 28-30 & 31-32).

Conclusion

4. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

- **Parsons, US Patent 411,939 B1**, Computer-aided method, machine, and products produced thereby, for illustrating a replacement of a benefit plan that is viable at one location but not viable at the location of the replacement.
- **Gilbert et al., US Patent 6,041,313**, 401K User Software.
- **Ryan et al., US Patent 5,839,118**, System and method for premium optimization and loan monitoring.

Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Siegfried Chencinski whose telephone number is (571)272-6792. The Examiner can normally be reached Monday through Friday, 9am to 6pm.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, Hyung S. Sough, can be reached on (571) 272-6799.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks, Washington D.C. 20231

or faxed to:

(571)273-8300 [Official communications; including After Final communications labeled "Box AF"]


(571) 273-6793 [Informal/Draft communications, labeled "PROPOSED" or "DRAFT"]

Art Unit: 3628

Hand delivered responses should be brought to the address found on the above
USPTO web site in Alexandria, VA.

SEC

March 20, 2006


FRANTZY POINVIL
PRIMARY EXAMINER